

EX PARTE OR LATE FILED

DOCKET FILE COPY ORIGINAL



Bruce K. Cox
Government Affairs Director

Suite 1000
1120 20th Street, N.W.
Washington, DC 20036
202 457-3686
FAX 202 457-2545
ATTMAIL !bkcox

March 22, 1995

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, D. C. 20554

RECEIVED

MAR 22 1995

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Re: Ex Parte Meeting
CC Docket No. 94-1
Price Cap Performance Review for Local Exchange Carriers
DA 93-1537 NYNEX Universal Service Preservation Plan

Dear Mr. Caton:

On Wednesday, March 22, 1995, Mr. G. Salemme, Mr. P. Malandrakis and I met with Ms. K. Wallman, Mr. R. Metzger, and Ms. A. Gomez of the Common Carrier Bureau to discuss AT&T's previously stated position and items previously entered in the record in the above mentioned dockets. As part of the meeting, we discussed various scenarios and options the Commission could choose in the LEC Price Cap proceeding, including the enclosed scenarios. The flow through of access charge reductions to consumers was briefly discussed. Finally, we discussed the pricing proposal in the NYNEX Universal Service Preservation Plan.

In accordance with Section 1.1206(a)(2) of the Commission's Rules, two (2) copies of this Notice are being submitted to the Secretary of the FCC.

Sincerely,

Bruce K. Cox

Enclosures

cc: Ms. K. Wallman
Mr. R. Metzger
Ms. A. Gomez

No. of Copies rec'd 0 + 1
List A B C D E



Recycled Paper

CC DOCKET 94-1
RBOC RATES OF RETURN
UNDER ALTERNATIVE SCENARIOS

LOW "X" SCENARIO

HIGH "X" SCENARIO

"X" VALUE -	5.00%	6.00%
REINITIALIZATION -	3.00%	3.00%
SHARING	YES	NO
50% ABOVE	11.75%	0.00%
LFAM @1% BELOW	11.25%	0.00%
100% ABOVE	12.25%	0.00%
ADDBACK	1	1
CL FORMULA	BAL 50/50	BAL 50/50
	1	1

RBOC RESULTS (7/95-6/98)

	LOW PLAN RATE OF RETURN	HIGH PLAN RATE OF RETURN	SELECT	RATE OF RETURN
AMERITECH	10.54%	14.13%	HIGH	14.13%
BELL ATLANTIC	9.55%	10.59%	HIGH	10.59%
BELLSOUTH	10.22%	14.18%	HIGH	14.18%
NYNEX	10.03%	8.31%	LOW	10.03%
PAC TEL	10.63%	13.19%	HIGH	13.19%
SW BELL	10.78%	10.81%	LOW	10.78%
USWEST	11.85%	11.98%	HIGH	11.98%
TOTAL RBOC	10.47%	11.81%		12.08%
			LOW PLAN CO.'S =	10.37%
			HIGH PLAN CO.'S =	12.77%
			COMPOSITE "X" =	5.71%

**CC DOCKET 94-1
RBOC RATES OF RETURN
UNDER ALTERNATIVE SCENARIOS**

LOW "X" SCENARIO

"X" VALUE -	4.10%
REINITIALIZATION -	2.00%
SHARING	YES
50% ABOVE	12.25%
LFAM @1% BELOW	11.25%
100% ABOVE	13.25%
ADDBACK	1
CL FORMULA	BAL 50/50
	1

HIGH "X" SCENARIO

5.50%
2.00%
NO
0.00%
0.00%
0.00%
1
BAL 50/50
1

RBOC RESULTS (7/95-6/98)

	LOW PLAN RATE OF RETURN	HIGH PLAN RATE OF RETURN	SELECT	RATE OF RETURN
AMERITECH	12.50%	15.04%	HIGH	15.04%
BELL ATLANTIC	11.56%	11.40%	LOW	11.56%
BELLSOUTH	12.08%	15.03%	HIGH	15.03%
NYNEX	10.91%	9.06%	LOW	10.91%
PAC TEL	12.40%	14.04%	HIGH	14.04%
SW BELL	12.43%	11.57%	LOW	12.43%
USWEST	13.35%	12.74%	LOW	13.35%
TOTAL RBOC	12.12%	12.62%		13.14%
			LOW PLAN CO.'S =	12.01%
			HIGH PLAN CO.'S =	14.79%
			COMPOSITE "X" =	4.69%

CC DOCKET 84-1
RRDP RATES OF RETURN
UNDER ALTERNATIVE SCENARIOS

LOW "X" SCENARIO**HIGH "X" SCENARIO**

"X" VALUE -	5.00%	8.00%
REINITIALIZATION -	2.00%	2.00%
SHARING	YES	NO
50% ABOVE	12.25%	0.00%
LFAM @ 1% BELOW	11.25%	0.00%
100% ABOVE	13.25%	0.00%
ADDDACK	1	1
CL FORMULA	BAL 50/50	BAL 50/50
	1	1

RRDP RESULTS (7/85-8/88)

	LOW PLAN	HIGH PLAN		
	RATE OF RETURN	RATE OF RETURN	SELECT	RATE OF RETURN
AMERITECH	12.00%	14.50%	HIGH	14.50%
BELL ATLANTIC	10.87%	11.00%	HIGH	11.00%
BELLSOUTH	11.00%	14.00%	HIGH	14.00%
HYDREX	10.40%	8.00%	LOW	10.40%
PAC TEL	11.90%	13.62%	HIGH	13.62%
SW BELL	11.73%	11.10%	LOW	11.73%
USWEST	12.84%	12.30%	LOW	12.84%
TOTAL RRDP	11.59%	12.22%		12.64%
			LOW PLAN CO.'S -	11.64%
			HIGH PLAN CO.'S -	13.30%
			COMPOSITE "X" -	5.50%

**CC DOCKET 94-1
RBOC RATES OF RETURN
UNDER ALTERNATIVE SCENARIOS**

	LOW "X" SCENARIO		HIGH "X" SCENARIO	
"X" VALUE =	5.00%		6.00%	
REINITIALIZATION =	3.00%		3.00%	
SHARING	YES		NO	
50% ABOVE	12.25%		0.00%	
LFAM 1% BELOW	11.25%		0.00%	
100% ABOVE	13.25%		0.00%	
ADDBACK	1		1	
CL FORMULA	BAL 50/50		BAL 50/50	
	1		1	
	RBOC RESULTS (7/95-6/98)			
	LOW PLAN	HIGH PLAN	SELECT	RATE OF RETURN
	RATE OF RETURN	RATE OF RETURN		
AMERITECH	11.81%	14.13%	HIGH	14.13%
BELL ATLANTIC	10.49%	10.59%	HIGH	10.59%
BELLSOUTH	11.55%	14.18%	HIGH	14.18%
NYNEX	10.32%	8.31%	LOW	10.32%
PAC TEL	11.66%	13.19%	HIGH	13.19%
SW BELL	11.34%	10.81%	LOW	11.34%
USWEST	12.57%	11.98%	LOW	12.57%
TOTAL RBOC	11.34%	11.81%		12.28%
			LOW PLAN CO.'S =	11.38%
			HIGH PLAN CO.'S =	12.97%
			COMPOSITE "X" =	5.58%

**The Change in AT&T's Interstate Long Distance Prices
VS
The Change in Interstate Access Charges**

- A. AT&T's actual results for the period 1984 through 1994 compared to the May 28, 1992 and March 16, 1995, National Economic Research Associates (NERA) reports are as follows:

	NERA	Actual Results of AT&T
1984 - 1992		
Access	\$10.131B	\$10.852B
AT&T's LD Price Reductions	\$ 8.223B	\$12.172B
1984 - 1994		
Access	\$10.402B*	\$12.010B
AT&T's LD Price Reductions	\$ 8.521B*	\$13.930B

- B. Change in AT&T's Revenue and Access Per Minute.

	Access Revenue Per Minute	Average Access Per Minute
1984 - 1994		
1984	\$ 0.32	\$ 0.18
1994	\$ 0.18	\$ 0.06
Difference	\$ 0.14	\$ 0.12

* Note: Interestingly, NERA's study dated March 16, 1995 projects price changes through April 2, 1995.

This information responds to United States Telephone Association's (USTA) two ex parte filings dated March 16, 1995, that included two studies conducted by National Economic Research Associates (NERA) concerning whether interexchange carriers "flow through" access reductions.

NYNEX USPP PRICING PROPOSAL

	Current Rates Per MOU	Proposed Usage-Based Rates			Proposed Monthly Rates		
		All Zone Single Line Per MOU	Zone 2 and 3 Multiline Business per MOU	Zone 1 Multiline Business Per MOU	Monthly Rates Per Line (Original USPP)	Monthly Rates (Revised USPP)	
Common Carrier Line	\$.008248	\$.008194	\$.000000	\$.000000	\$0.674	\$0.643	} per PSL
LTS	In CCL				On IXC Revenue	3.475	
Local Switching	.014705	.011653	.011653	.011653	.0794	10.950	} per .000001 Market Share
Local Transport Direct/Tandem	.002740	.002740	.002740	.002740	N/A	N/A	
Local Transport Interconnection Charge	.013059	.013059	.013059	.005607	0.167	2.251	
Total Charge	\$.038752	\$.035646	\$.027452	\$.020000	\$1.635	\$16.677	